



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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Chairwoman

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Third District, Santa Ana
Vice Chairman

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Second District, Ontario

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

JAMES E. SPEED
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento**

NOTICE AND AGENDA

WEDNESDAY, APRIL 23, 2003

BOARD COMMITTEE MEETINGS* (convenes at 9:30 a.m.)

❖ **BUSINESS TAXES COMMITTEE**

Mr. John Chiang, Chairman
Mr. Ramon Hirsig, Staff (916) 445-1441

- Proposed regulation regarding new or remanufactured vehicles and trailers purchased for out-of-state or interstate commerce use (proposed Regulation 1620.1, Sales of Certain Vehicles and Trailers for Use in Interstate or Out-of-State Commerce)

❖ **PROPERTY TAX COMMITTEE**

Mr. Claude Parrish, Chairman
Mr. David Gau, Staff (916) 445-1516

- Report Addressing Questions on State Assessment of Public Utilities Previously Subject to Local Assessment

BOARD MEETING (convenes upon adjournment of the Property Tax Committee)**

❖ **SPECIAL PRESENTATIONS**

- Sustained Superior Accomplishment Award Program
 - Larry Isbell
 - Cindy M. Wilson
 - Betty J. Taylor
 - Patricia A. Langstaff
 - Laura Clarke
 - Sharon P. Jarvis
 - Reed Schreiter
 - Wynne Gregory Day
 - Jeffrey H. Graybill
 - Benjamin Tang
 - Patrick J. Finnegan
 - Maria C. Jones
 - Kelley Clark
 - Stephanie L. Kimball
 - Bertha Lopez

- Nini McCormack
- MaryAnn G. Hay
- Remona A. Dodson
- William Insalaco
- Timothy J. Munz
- Denise Vargas
- Lisa Gonzalez
- Paul Babcock
- Julie Doring
- Patrick Lawson
- Jennie Flynn
- Sherrill Neidich
- Lisa Jensen
- Cheryl Emmanuel
- Evelyn Harriman
- Irving Buford

❖ **TAX PROGRAM NONAPPEARANCE MATTERS - ADJUDICATORY**

A. Legal Appeals Matters

- Petitions for Rehearing
 1. Costco Wholesale Membership Company, 132058
- Hearing Notice Sent—No Response
 2. Charles F. Guzy, 145187
 3. Frankie Renee Rios, 117109
- Hearing Notice Sent—Appearance Waived
 4. Susan Buck, 142125
- Hearing Request Withdrawn
 5. Tahoe Vista Sports, Inc., 142835
- Cases Heard But Not Decided
 6. Restorative Care of America, Inc., 127824
 7. Valor Computerized Systems, Inc., 87726, 140629

B. Franchise and Income Tax Matters

- Decisions
 1. Daycare/Children's Creative World, 165468
 2. James P. and Carey C. Haughey, 160710
 3. The Landover Company, 172440
 4. Dale McRaven, 166385
 5. Thomas C. Norman, 173676
 6. Bruce M. and Rebecca O'Bannon, 172422
 7. Shelley Resnik, 162085
- Petitions for Rehearing
 8. Carl E. and Mary Ann Berg, 154075
 - Clyde J. Berg, 154076
 9. Robert M. and Lois F. Ling, 133712

C. Sales and Use Taxes Matter

- Refunds
 1. Nissan Motor Acceptance Corporation, 93045

❖ TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**D. Legal Appeals Matters**

- Petitions for Rehearing
 1. L.A. Mattress, Inc., 129840
- Hearing Notice Sent—No Response
 2. Hansa Singh Bhat and Amandeep Singh Bhatt, 160724, 156823
 3. JKS Industries, Inc., 156586
- Hearing Notice Sent—Appearance Waived
 4. Centre City Capital, Inc., 53121
- Hearing Request Withdrawn
 5. Melissa J. Stripling, 162545
- Petition for Release of Seized Property
 6. Young Chul Kim and Seung Kim, 209238
 7. Yacoub Naif Diab, 209155
 8. Zafar Uddin Ahmed, 207396
 9. Bashir Ahamed, 213206

E. Franchise and Income Tax Matters

- Decisions
 1. George S. Aguilar, 171030
 2. Jerry J. Couchman, 173715
 3. Donna M. Davis, 165736
 4. Marcus and Gisella Del Frate, 174602
 5. Louise A. De Tomasi, 187251
 6. Jill Feder-Kahlow, 182604
 7. Carol A. Freitas, 111252
 8. Richard Gallovich, 174619
 9. David and Cindy Galvez, 171221
 10. Leonard and Geneva Garcia, 191238
 11. Robert O. Garner, 188553
 12. Perseveranda M. Goins, 169977
 13. Leopold and Josephine Gonzales, 192642
 14. Larry Level Griffin, 191244
 15. Anh T. Ha, 166957
 16. Lee S. Harris (Leland R. Schroeder), 161681
 17. Sherell F. Harrison-Benton, 190206
 18. Charles L. and Marlene R. Hoffheiser, 173226
 19. Loretta E. Holsome, 185654
 20. Julie Jewls Jin, 181662
 21. Harold H. and MaryIn Kelley, 181678
 22. James H. Kennedy, 181692
 23. Darryl F. LaFontaine, 90044
 24. Mary B. Livingston (Deceased), 183225
 25. Christopher and Lupe McDonald, 183393
 26. Mark McNay, 174257
 27. Leslie Michaels, 184096
 28. Jesus Parrilla, 181466
 29. Colette Penchina (Deceased), 172131
 30. Claude and Meira Penchina, 172132
 31. Alfredo V. and Karen Y. Perez, 183382
 32. Carl B. Saitta, 174082
 33. Score It, Inc., 169944
 34. Viney K. Singal, 164515
 35. Dr. Gamal Tayab, 167964
 36. Lawrence Omar and Tamara Topping, 173138

- 36. Jill Watson, 174060
- Petitions for Rehearing
- 37. Thomas B. Allen, 144126
- 38. Colleen and Martin Pacheco, 169951

F. Homeowner and Renter Property Tax Assistance Matters

- Decisions
- 1. Bountao Chanthavong, 191541
- 2. Charles Douglas, 172900
- 3. Bernard English, 191377
- 4. Evelyn Ferreira, 192179
- 5. C. L. Ford, 191384
- 6. Jose Guzman, 166410
- 7. Harriet Hall, 172914
- 8. Vickie Hives, 167617
- 9. Cheryal A. Honore, 183605
- 10. Gaynell N. Mann, 192846
- 11. Carol Sue Mayfield, 184040
- 12. Steve R. Monnin, 192857
- 13. Nung Trong Nguyen, 191451
- 14. Ruby Grace Murph Walker, 192850
- 15. Dexter L. Person, 188195
- 16. Paula E. Pfister, 174471
- 17. Shayan Rahimimanesh, 191462
- 18. Ronald O'Neal Raleigh, 192774
- 19. Elizabeth Selgert, 173482
- 20. Terri Williams, 186941
- Petition for Rehearing
- 21. William Baumhofer, 166396

G. Sales and Use Taxes Matters

- Redeterminations
- 1. Arco Material Supply Company, 168323
- 2. US JVC Corporation, 181575
- 3. High Beam, Inc., 76252
- 4. Ogden Entertainment, Inc., 171775
- 5. Quad Systems Corporation, 57117
- 6. Environmental Tectonics Corporation, 134940
- 7. Film Video, 154793
- 8. Film Video, 154796
- 9. Larry Yglesia, 191215
- 10. Royce Leasing Company, LLC, 185643
- 11. Sierra Aviation, Inc., 171961
- 12. Crystal Yacht Charters, Inc., 194402
- 13. Jet Aviation California, Inc., 190072
- 14. California Window Coverings, 168217
- 15. Systemware, Inc., 171105
- 16. Bombardier Capital, Inc., 61484
- 17. Atlanta Retail, Inc., 152308
- 18. Wheaton USA, Inc., 145179
- Relief of Penalty
- 19. Fresh Choice, Inc., 209661
- 20. The Goodyear Tire & Rubber Company, 211711
- 21. Network Appliance Corporation, 209663

- Denials of Claims for Refund
- 22. Atherton Wine Imports, 168974
- 23. University Mechanical & Engineering Contractors, 113312

H. Sales and Use Taxes Matters – Credits, Cancellations and Refunds

- Credits and Cancellations
- 1. Kenwood U.S.A. Corporation, 212484
- 2. Tenet Healthsystems Hospital, Inc., 212700
- 3. Anthony S. Pauletta, 208408
- 4. Fron Corporation, 213207
- 5. Multilayer Technology, Inc., 212526
- 6. Vic Huber Photography, Inc., 212473
- 7. Merant Solutions, Inc., 136894
- 8. The Hammond Family Trust, 212030
- 9. H S Rhoads, 212588
- 10. Ocean Pegasus, Inc., 209476
- 11. Agua Caliente Spa, Inc., 212356
- 12. Agua Caliente Tribal Corporation, 212353
- 13. J. A. Sexauer, Inc., 187067
- Refunds
- 14. Promotions Distributor Services Corporation, 212013
- 15. Chevron U.S.A., Inc., 174613
- 16. Claridge's Ltd., 186971
- 17. Bingham Toyota, Inc., 187589
- 18. Allergan, Inc., 56044
- 19. Allergan Sales, Inc., 211917
- 20. Fender Musical Instruments Corporation, 166710
- 21. The Regents of the U. of California, 171099
- 22. Metropolitan Transit Devlmt. Bd., 170743
- 23. Quality Distributing, Inc., 170743
- 24. Surinder Pal Singh, 192024
- 25. Boreal Ridge, Inc., 162302
- 26. The Boeing Company, 166545
- 27. Doane Pet Care Company, 145369
- 28. UMI Company, 194153
- 29. ENTHONE-OMI, Inc., 205711
- 30. River Ranch Fresh Foods, 97936
- 31. Fordel, Inc., 145363
- 32. Mellon Capital Management Corporation, 209776
- 33. UCSF – Stanford Health Care, 161608
- 34. Hitachi Semiconductor (Amer.), Inc., 172714
- 35. Siemens Westinghouse Power Corporation, 181899
- 36. Man Roland, Inc., 187602
- 37. SSF Attractions, Inc., 211963
- 38. Miller/Huber Relationship Mkt LLC, 83307
- 39. Spectraswitch, Inc., 164984
- 40. WFS Financial, Inc., 211740
- 41. Canal+ Technologies, Inc., 153294
- 42. South County, Inc., 193078
- 43. Kraft General Foods, 89002089980
- 44. The Stanley Works, 140025
- 45. Aspen Publishers, Inc., 211782
- 46. Miller/Kadanoff Dir. & Inter, Inc., 83331
- 47. Synplicity, Inc., 182402
- 48. Container Management Services, LLC, 190714
- 49. General Mills Operations, Inc., 145352

50. Heritage Operating LP, 207989
51. Abiomed Cardiovascular, Inc., 144774
52. Americredit Financial Service, Inc., 208971
53. Southwestern Bell Mobile Sys. LLC, 187578
54. Ciro's & Sons Pallets, 212014
55. The Doctors Management Company, 208819
56. Seeley Brothers, 209623

I. Special Taxes Matters

- Relief of Penalty
 1. Security Life of Denver, Insurance Company, 205491 - "CF"
- Redeterminations
 2. Fortum Oil and Gas Oy, 165533
 3. Wickland Oil Company, 165297
 4. Old Republic Insurance Company, 171997 - "CF"
 5. Fremont Indemnity Company of the NW, 207765 - "CF"
 6. Sentry Insurance, A Mutual Company, 167909 - "CF"
 7. American and Foreign Insurance Company, 167512 - "CF"
 8. American Casualty Company of Reading, Pennsylvania, 167748 - "CF"
 9. Boston Old Colony Insurance Company, 167751 - "CF"
 10. CNA Casualty of California, 167753 - "CF"
 11. Commercial Insurance Company of Newark, New Jersey, 167755 - "CF"
 12. Continental Casualty Company, 167763 - "CF"
 13. The Continental Insurance Company, 167767 - "CF"
 14. The Fidelity & Casualty Company of New York, 167769 - "CF"
 15. Firemen's Insurance Company of Newark, New Jersey, 167771 - "CF"
 16. Kansas City Fire & Marine Insurance Company, 167774 - "CF"
 17. National Fire Insurance Company of Hartford, 167776 - "CF"
 18. Niagara Fire Insurance Company, 167778 - "CF"
 19. Transcontinental Insurance Company, 167780 - "CF"
 20. Transportation Insurance Company, 167783 - "CF"
 21. Valley Forge Insurance Company, 167792 - "CF"
 22. Travelers Indemnity Company of IL, 167526 - "CF"
 23. Travelers Indemnity Company of CT, 167527 - "CF"
 24. American Manufacturers Mutual Insurance, 167673 - "CF"
 25. American Motorists Insurance Company, 167672 - "CF"
 26. American Protection Insurance Company, 167677 - "CF"
 27. Lumbermens Mutual Casualty Company, 167669 - "CF"
 28. Ace American Insurance Company, 167538 - "CF"
 29. Ace Fire Underwriters Insurance Company, 167539 - "CF"
 30. Ace Indemnity Insurance Company, 167545 - "CF"
 31. Ace Property & Casualty Insurance Company, 167544 - "CF"
 32. Bankers Standard Insurance Company, 167547 - "CF"
 33. Century Indemnity Company, 167549 - "CF"
 34. Indemnity Insurance Company of North America, 167550 - "CF"
 35. Insurance Company of North America, 167551 - "CF"
 36. Pacific Employers Insurance Company, 167537 - "CF"
 37. First Liberty Insurance Corporation, 167740 - "CF"
 38. Liberty Insurance Corporation, 167706 - "CF"
 39. Liberty Mutual Fire Insurance Company, 167702 - "CF"
 40. Liberty Mutual Insurance Company, 167708 - "CF"
 41. LM Insurance Corporation, 167707 - "CF"
 42. Reliance Insurance Company, 167555 - "CF"
 43. Reliance National Indemnity Company, 167557 - "CF"
 44. Reliance National Insurance Company, 167558 - "CF"
 45. United Pacific Insurance Company, 167556 - "CF"

46. Hartford Underwriters Insurance Company, 167501 – “CF”
47. AIU Insurance Company, 168134 – “CF”
48. American Home Assurance Company, 168152 – “CF”
49. Birmingham Fire Insurance Company of Pennsylvania, 168151 – “CF”
50. Commerce & Industry Insurance Company, 168156 – “CF”
51. Granite State Insurance Company, 168142 – “CF”
52. The Insurance Company of the State of Pennsylvania, 168137 – “CF”
53. National Union Fire Insurance Company of Pittsburgh. PA, 168172 – “CF”
54. New Hampshire Insurance Company, 168139 – “CF”
55. Amer Guarantee & Liability Insurance Company, 167803 – “CF”
56. Assurance Company of America, 167806 – “CF”
57. Fidelity & Deposit Company of Maryland, 167809 – “CF”
58. Maryland Casualty Company, 167804 – “CF”
59. Northern Insurance Company of New York, 167805 – “CF”
60. Universal Underwriters Insurance Company, 167810 – “CF”
61. Valiant Insurance Company, 167808 – “CF”
62. Converium Insurance (North America), Inc., 167524 – “CF”
63. Farmington Casualty Company, 167563 – “CF”
64. Standard Fire Insurance Company, 167600 – “CF”
65. Travelers Casualty & Surety Company of America, 167599 – “CF”
66. Travelers Casualty & Surety Company IL, 167596 – “CF”
67. Travelers Casualty & Surety Company, 167601 – “CF”
68. Travelers Casualty Company of CT, 167598 – “CF”
69. Nationwide Mutual Fire Insurance Company, 170156 – “CF”
70. Nationwide Mutual Insurance Company, 170155 – “CF”
71. American Automobile Insurance Company, 167606 – “CF”
72. American Insurance Company, 167608 – “CF”
73. Associated Indemnity Corporation, 167607 – “CF”
74. Fireman’s Fund Insurance Company, 167605 – “CF”
75. National Surety Corporation, 167610 – “CF”
76. Fremont Employers Insurance Company, 207767 – “CF”
77. Fremont Indemnity Company, 207760 – “CF”
78. Discover Property & Casualty Insurance, 167696 – “CF”
79. Northbrook Indemnity Company, 167511 – “CF”
80. Northbrook Property & Casualty, 167698 – “CF”
81. St. Paul Fire & Marine Insurance Company, 167682 – “CF”
82. St. Paul Guardian Insurance Company, 167697 – “CF”
83. St. Paul Mercury Insurance Company, 167681 – “CF”
84. Globe Indemnity Company, 167513 – “CF”
85. Royal Indemnity Company, 167514 – “CF”
86. Royal Insurance Company of America, 167515 – “CF”
87. Safeguard Insurance Company, 167520 – “CF”
88. Argonaut Insurance Company, 209298 – “CF”
89. Argonaut-Southwest Insurance Company, 205470 – “CF”
90. Hartford Insurance Company of the Midwest, 167508 – “CF”

J. Special Taxes Matters – Credits, Cancellations and Refunds

- Credits and Cancellations
 1. Union Pacific Railroad Company, 113106
- Refunds
 2. Thrifty Payless, Inc., 209580
 3. Thrifty Payless, Inc., 209577
 4. Thrifty Payless, Inc., 209810
 5. American Procurement & Lostcs Company, 209575
 6. American Procurement & Lgstcs Company, 209811
 7. Thrifty Payless, Inc., 209806

8. The Boeing Company, 208243
9. Safety-Kleen Systems, Inc., 205065
10. American Home Assurance Company, 209983 – “CF”
11. Mark Anthony Brands, Inc., 205622 – “CF”
12. Avfuel Corporation, 192018

❖ **TAX PROGRAM NONAPPEARANCE MATTERS – NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

K. Property Tax Matters

- Audit
 1. MPower Communications Corporation (7724) – “CF”
- Private Railroad Car Tax Penalty Cancellation Request
 2. Cargill, Inc. (6233) – “CF”
- Private Railroad Car Tax Refund Request
 3. Honeywell International, Inc. (500) – “CF”
 - Intercoastal Leasing, Inc. (6195) – “CF”

❖ **CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

- ☐ The McGraw-Hill Companies, Inc., 162177
- ☐ Mercury General Corporation, 145450

❖ **SALES AND USE TAX APPEALS HEARINGS**

- ☐ Hector Gonzalez and Margarita Gonzalez, 89000017380
Hector Antero Gonzalez 89000127920, 89002433640, 89000116100
Hector Gonzalez and Margarita Gonzalez, 89000110980, 89002390640
Hector Gonzalez, Margarita Gonzalez and Jaime De Jesus, 89000131070
- ☐ Jerair Panosian, 165681
- ☐ Dmitri A. and Svetlana M. Laktionov, 119099
- ☐ Barnes & Noble.com, 89872
- ☐ Vibrac Corporation, 139106
- ☐ Bobby R. Boydston and Mary H. Boydston, 37252, 37254

❖ **SPECIAL TAXES APPEAL HEARING**

- ☐ Amador Stage Lines, 93966, 102005
- ☐ Bio Industries, Inc., 170456

❖ **LOCAL TAX REALLOCATION HEARING**

- ☐ City of Laguna Hills, 203006

❖ **PUBLIC HEARINGS**

- STATE ASSESSEE PRESENTATIONS ON THE VALUATION OF THEIR PROPERTIES
- [PROPOSED AMENDMENT TO SALES AND USE TAX REGULATION 1592, EYEGLASSES AND OTHER OPHTHALMIC MATERIALS](#)

Regulation 1592, Eyeglasses and Other Ophthalmic Materials is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6018. Amendments

are proposed to subdivisions (a)(4) and (b)(3) to clarify when physicians and surgeons, optometrists, and dispensing opticians make taxable retail sales of clip-on sunglasses; and to subdivisions (a), (b) and (d) to correct typographical errors.

❖ **CLOSED SESSION**

- Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 6901, 7093.5, 30459.1 and 50156.11)
- Discussion and action on Personnel Matters (Govt. Code § 11126(a))

❖ **ADMINISTRATIVE SESSION**

- **Approval of Contracts over \$1 Million**
 - ☐ Approval of routine interagency agreements that expire June 30, 2003 (renewals)
 - ☐ Approval of interagency agreement with Inter-Con Security Services, Inc. (renewal)
- Offers in Compromise Recommendations
 1. Kelly R. Beremand
- **CONSENT AGENDA**
 - ☐ **Approval of Board Meeting Minutes**
 - March 4-5, 2003
 - ☐ **Approval of Extension of Time for filing Welfare Affidavits and Financial Statements pursuant to Revenue and Taxation Code section 155 granted to Orange County**
 - ☐ **Approval of Superior Accomplishment Award Nominees**
 - ☐ **Proposed revisions to Compliance Policy and Procedures Manual Chapter 3, Account Maintenance**
 - ☐ **Proposed revisions to Compliance Policy and Procedures Manual Chapter 9, Miscellaneous**

❖ **CHIEF COUNSEL MATTERS**

HH. Rulemaking

- Petition to Amend Property Tax Rules
 1. Property Tax Rule 462.040, *Change in Ownership-Joint Tenancies*
 2. Property Tax Rule 462.240, *The Following Transfers do not Constitute a Change in Ownership*, (Domestic Partner Transfers)

❖ **ADMINISTRATIVE MATTER**

- **Board Committee Reports**
 - ☐ Approval of the April 23, 2003 Board Committee Minutes
 - Business Taxes Committee
 - Property Tax Committee

If you would like specific information regarding items on this Board Meeting Agenda Notice please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Deborah Pellegrini, Chief
Board Proceedings Division

* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.

** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.

"CF" Constitutional Function - The Deputy State Controller may not participate in this matter under Government Code section 7.9.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be re-published for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons who commented orally or in writing or who asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of items as they appear on the agenda. Any committee agenda item may be brought to the Board at its next meeting. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at (916) 445-4394, or e-mail Gary.Evans@boe.ca.gov, to make special arrangements.